



CATHERINE E. PUGH  
MAYOR

*100 Holliday Street, Room 250  
Baltimore, Maryland 21202*

February 25, 2019

Honorable Lawrence J. Hogan, Jr.  
Governor, State of Maryland  
State House  
Annapolis, Maryland 21401

Honorable Thomas V. Mike Miller, Jr.  
President, Maryland Senate  
State House  
Annapolis, Maryland 21401

Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House  
Annapolis, Maryland 21401

Dear Governor Hogan, President Miller, and Speaker Busch:

It's time to shine some light on HB990/SB883, which takes the State of Maryland for a ride.

HB990/SC883 proposes that MEDCO issue bonds to support \$100-120 million of investment at Laurel Park and Bowie. The security for this bond indebtedness would be The Stronach Group's (TSG) 80% of slots dollars (roughly \$8 million per year) going into a racing improvement account (RFRA). Under current law, The Stronach Group is required to match RFRA funds used for racing improvements dollar for dollar. That would not be the case under this MEDCO bill.

To date, TSG has used the RFRA funds to invest \$39 million dollars in Laurel Park improvements since the program was established. Only \$6 million in RFRA matched funds have been invested in the Pimlico Racetrack.

In the past, MEDCO has issued bonds to support private enterprise, but it has never done an underwriting based on the State repaying bond indebtedness. The State, not TSG, would be responsible for repayments, since those bonds would be supported by RFRA money. This would have serious implications for Maryland's debt affordability ceiling, which is close to being maxed out.

For TSG, it's a fabulous deal. Stronach puts no money up front. It gets to invest the State's MEDCO bond proceeds -- \$100 million to \$120 million -- for whatever it wishes at Laurel and Bowie with virtually no oversight. It avoids the dollar-for-dollar match mandated under current law.

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It gets to space its payments to bond holders on just one-half of the indebtedness over 20 years. And it winds up with over \$100 million of improvements at its own facilities -- paid for by the State.

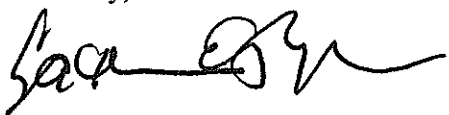
While TSG is vastly enriched, Stronach proposes nothing for Pimlico. The track and the Park Heights community are diminished, being denied any use of bond proceeds. That was never the intent of the original bill creating the RFRA racing improvement fund. Pimlico is specifically excluded in the bill. Yet the RFRA funds are one of a number of sports-related resources the State could dedicate to the Maryland Stadium Authority's visionary plan for Pimlico and surrounding Park Heights neighborhoods.

That plan directly benefits Pimlico, Park Heights, Baltimore, the metropolitan region, and the State of Maryland. This would be a widely applauded use of public funds supporting economic and community development for distressed neighborhoods in "Opportunity Zones," while continuing State support of the racing industry at Pimlico -- the track that has hosted one of the sport's "crown jewels" for almost 150 years.

Please say "no" to an outrageous raid on State dollars for the benefit of a private Canadian owner with ample resources to take on these projects with its own money. Just this week TSG said in a statement the company "is strong and growing stronger."

The Stronach Group has been a poor steward of the historic Pimlico Race Course and has let the Bowie track property deteriorate terribly. Its MEDCO proposal is a windfall for the company while leaving the State with the short end of the stick.

Sincerely,



Catherine E. Pugh  
*Mayor*  
*City of Baltimore*

cc: Maryland Senate  
Maryland House of Delegates  
Baltimore City Council  
The Honorable Calvin Ball, Howard County Executive  
The Honorable John A. Olszewski, Jr., Baltimore County Executive  
The Honorable Barry Glassman, Harford County Executive  
The Honorable Steuart Pittman, Anne Arundel County Executive  
Thomas Kelso, Maryland Stadium Authority  
Neil Meltzer, LifeBridge Health  
Marcus Pollock, Park Heights Renaissance Inc.  
Maria Tildon, Co-Chair of Friends of Pimlico's Preakness  
John Moag, Co-Chair of Friends of Pimlico's Preakness  
Members, Maryland Racing Commission